

UNIFORM ACCOUNTING PROCEDURES

INVENTORY ACCOUNTING AND CONTROL (Continued)

Withdrawals of Parts and Supplies

All withdrawal of materials and parts should be by signed requisitions only. Requisitions should be prenumbered and contain the quantity and description of the item or items being withdrawn, the date of withdrawal, and the equipment number for which the parts or materials are being withdrawn. The requisition should be signed by the person receiving the parts or materials from the stock clerk.

Inventory Control

All material and parts storage facilities should be kept under lock and key. Only the stock clerk or authorized persons, should be allowed to enter the stockroom. One person should be designated as supervisor of all inventory operations.

A perpetual inventory system is essential with proper control and accounting records maintained.

To control the volume of equipment parts on hand, it is recommended that the balance in Account #110 be no more than 50% of the total parts charged to the equipment accounts during the year.

To assist in eliminating the number of obsolete parts in the inventory, excess parts for a particular piece of equipment could be included with the trade-in when advertising for bids for new equipment. Trade-in allowance and excess parts should be separate items on the bid form.

The inventory control should be reconciled to the subsidiary inventory listing (inventory status reports or other detail) on a monthly basis.

Purchase of Materials, Parts and Equipment

Purchases of materials, parts and equipment should be made only after a purchase order has been issued by the person authorized with this responsibility by the road commission.

In all cases involving the expenditure of a sum greater than \$15,000 (\$50,000 under emergency conditions) for materials, parts, or equipment, purchase orders can be issued only after the road commission has accepted a bid pursuant to advertising for sealed proposals to furnish such materials, parts, or equipment. This is in accordance with MCL 224.10 statutory requirements. The date of formal road commission action on such bid purchases should be indicated on the purchase order. Bids shall also be secured for the purchase of all passenger vehicles and trucks weighing more than 5,000 lbs.